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U.S. Threatens to Cut Off Whole Sectors of the Russian Economy

By The Moscow Times

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U.S. President Barack Obama has signed an executive order that allows his administration to hit out at entire Russian industries, rather than separate companies and individuals, in response to Moscow's takeover of the Ukrainian region of Crimea.

Measures to apply asset freezes as well as trade and travel restrictions under the order, if taken, will go after individuals and companies that operate in such industries as financial services, energy, metals and mining, engineering, and defense and related materiel, according to a copy of the order. The secretary of the treasury will determine the targets in consultation with the secretary of state.

In announcing the order, Obama appeared to indicate that any sanctions under the order would materialize only if Russian armed forces escalate the already tense situation by making incursions into Ukrainian territory bordering Russia, in the east and south of Ukraine.

"We have been working closely with our European partners to develop more severe actions that could be taken if Russia continues to escalate the situation," Obama said Thursday. "As part of that process, I signed a new executive order today that gives us the authority to impose sanctions not just on individuals, but on key sectors of the Russian economy."

He went on to say these sanctions would not only have a significant impact on the Russian economy, but could also be disruptive to the global economy.

Russia is closely tied to the world economy, thanks to its large gas and oil reserves and

immense commodities market.

Treasury Secretary Jacob Lew said the order provided the U.S. with "broader tools to highlight the future choices facing Russia's leadership, and our use of these tools will be based on careful consideration of what will be most effective in meeting that objective."

Obama made the statement as he announced the expansion of sanctions against senior officials of the Russian government, which also included Bank Rossia, described as a preferred bank of President Vladimir Putin's inner circle.

Fiona Hill, of the Brookings Institution think tank in Washington, believes that broad, tough sanctions would be the only way to get Putin's attention.

"To really have any kind of impact, the sanctions have to be akin to the kinds of sanctions we have applied against Iran, they have to be all-encompassing and they have to get right to the heart of the economy," she said, Reuters reported.

Hill is a former U.S. national intelligence officer for Russia and Eurasia.

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